

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 93-627-C - ORDER NO. 94-244 *Je*
MARCH 21, 1994

IN RE: Application of Coastal Automated)
Communications Corp. for a)
Certificate of Public Convenience)
and Necessity to Resell Interexchange)
Telecommunications Services in)
South Carolina.)

ORDER
APPROVING
CERTIFICATE

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Coastal Automated Communications Corp. (CACC or the Company or the Applicant) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-8-280 (Supp. 1992) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed CACC to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of CACC's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. CACC complied with this instruction and provided the Commission with

proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone and Telegraph Company (Southern Bell)¹ and the South Carolina Department of Consumer Affairs (the Consumer Advocate). By letter dated March 3, 1994, the Consumer Advocate informed the Commission that he is satisfied that the services offered by the Applicant are consistent with services approved by the Commission in prior dockets, and, therefore, the Consumer Advocate does not wish to participate in any hearing scheduled in this matter.

Kian Conley, Operations Manager of CACC, submitted verified testimony and an affidavit on behalf of the Applicant. Mr. Conley explained CACC's request for authority. Mr. Conley stated that CACC is a provider of operator-assisted interexchange telecommunications service to transient end-users at aggregator locations. CACC's primary markets are public and private pay telephones. Service will be provided 24-hours per day, seven days a week. Calls will access CACC's network via local exchange company switched access facilities. CACC will use points of presence in South Carolina as aggregation points in South Carolina. From the points of presence, calls will be routed to a centralized location for operator handling by MCI long distance. Call termination occurs over leased interexchange carriers switched networks.

1. Southern Bell subsequently moved to withdraw its Intervention in this Docket and was allowed to withdraw its Intervention by Order No. 94-182, dated March 7, 1994.

Mr. Conley testified that CACC is a Delaware corporation, and its registration to operate in South Carolina as a foreign corporation is pending. Mr. Conley stated that CACC provides live and automated operator assistance service, CACC utilizes MCI equipment, facilities and operators. Through its underlying carriers, CACC will bill and collect for its services utilizing Integretel. CACC's name will appear on the bills, along with a toll-free number for inquiries or complaints. Integretel will provide all customer service for CACC. Mr. Conley also testified that CACC has not heretofore provided intrastate telecommunications services within South Carolina. Mr. Conley also stated that CACC does not provide, nor does it intend to provide, any 900 telecommunications services within South Carolina.

Mr. Conley also described CACC's service management. Mr. Conley further offered that CACC has the sufficient technical, financial, and managerial resources and ability to provide the services for which authority is sought. Mr. Conley also offered that approval of CACC's application will increase competition in the marketplace thereby benefiting consumers by ensuring a wide variety of services and prices, prompting efficient use of the underlying network, and expanding the tax base and revenue sources for the state.

After full consideration of the applicable law, the Company's Application, and the testimony and affidavit presented by the Company, the Commission hereby issues its findings of fact and

conclusions of law:

FINDINGS OF FACT

1. CACC is incorporated under the laws of the State of Delaware, and CACC's Certificate of Authority to Transact Business as a Foreign Corporation in the State of South Carolina is pending.

2. CACC operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina.

3. CACC has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to CACC to provide intrastate service through the resale of operator-assisted telecommunications services, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for CACC for its resale services which includes only maximum rate levels for each tariff charge. For intrastate interLATA "0+" collect and calling card calls, CACC may not impose a fixed operator service charge more than the intrastate charges then currently approved for AT&T Communications, and for the usage portion of the call, CACC may not charge more than the intrastate rates charged by AT&T Communications at the time such call is completed. A rate structure incorporating maximum rate levels with the flexibility

for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. CACC shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. CACC shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1993).

4. CACC shall file its tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order. The revised tariff shall include the maximum rate approved for AT&T. Further, the tariff shall be filed with the Commission in a loose-leaf binder.

5. CACC should be allowed to incorporate in its tariff a

surcharge for operator-assisted and calling card calls not to exceed \$1.00 for calls originated at hotels and motels and at customer-owned pay telephones only if the property owners have not added a surcharge already. That is, the Company may not impose an additional surcharge to calls originating at hotels and motels and customer-owned pay telephones if such a surcharge has already been imposed by the property owners. If such a charge is applied, however, it should be paid in its entirety to the customer by the Company. Further, if the surcharge is applied, the user should be notified of imposition of the surcharge. This notification should be included in the information pieces, such as tent cards or pay telephone stickers, identifying the Company as the operator service provider for pay telephones and guest phones.

6. CACC is required to provide "tent" cards to hotels and motels for placement next to guest telephones and stickers to customer-owned pay telephones identifying it as the provider of operator service for intrastate interLATA distance calls. CACC is required to brand all calls identifying itself as the carrier for the motel or hotel. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811, issued in Docket No. 92-557-C.

7. For the provision of operator services, CACC shall comply with the Operator Service Provider Guidelines approved in Order No. 93-534, issued in Docket No. 93-026-C.

8. CACC is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for

access purposes resellers should be treated similarly to facilities-based interexchange carriers.

9. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if they so desire.

10. CACC shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If CACC changes underlying carriers, it shall notify the Commission in writing.

11. CACC shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

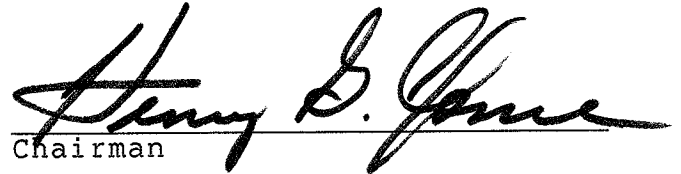
12. CACC shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

13. Upon receipt of a Certificate of Authority to Transact Business as a foreign corporation in South Carolina, CACC shall provide the Commission with a copy of the certificate. CACC shall not provide its services in South Carolina until CACC has received its Certificate of Authority to Transact Business as a Foreign Corporation and has provided a copy of said certificate to the Commission.

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14. That this Order shall remain in full force and effect
until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).